GATOR
CAPITAL MANAGEMENT

January 26, 2011

Dear Investors:

This is Gator Financial Partners, LLC's (the "Fund") 4th Quarter 2010 investor letter. I will review the Fund's investment performance during the quarter, discuss a few holdings that impacted performance, and explain the investment thesis for a couple of new positions.

Review of Fourth Quarter Performance

Gator Financial Partners had strong investment performance in the 4th Quarter. The Fund benefited from the stock market rally since Federal Reserve Chairman Bernanke's Jackson Hole speech in late August. Several of the Fund's small cap holdings performed well and offset losses from our short positions to produce an overall gain for the Fund.

	2010 Q4	2010 YTD	Total Return Since Inception	Annualized Return Since Inception
Gator Financial Partners	19.61%	12.40%	172.92%	49.42%
S&P 500 Total Return	10.76%	15.06%	4.08%	1.61%
S&P 500 Financials ETF	11.54%	11.62%	-16.88%	-7.13%

The Fund's inception date was June 30, 2008. Past performance is not indicative of future results. Performance is presented net of fees and expenses.

Positions Contributing to Performance

Given the strong performance during the quarter, the Fund held several positions that performed well. In the 3rd Quarter letter, I highlighted Newcastle Investment, Primerica, and Gleacher. Respectively, they rose 116%, 19% and 47%, during the 4th Quarter. Below I highlighted two additional positions (Virtus and Wilmington Trust) that added to performance during the 4th Quarter.

Virtus Investment Partners

The Fund benefited from holding Virtus Investment Partners (VRTS). During the quarter, Virtus's stock increased 50%. I purchased the Fund's first shares in August 2009 when the stock was $16.

Virtus is an investment manager that was spun-off from The Phoenix Companies, a life insurance company, in January 2009. Phoenix had acquired various boutique investment managers over the previous two decades. The management team at Phoenix thought the value of the investment

management business was not reflected in the life insurance company's stock price, so they completed a spin-off of the investment management business (now named Virtus) to Phoenix shareholders.

Virtus shares were interesting because they exhibited many of the characteristics that make spin-offs potentially great investments. There was forced selling from new shareholders because Virtus's market cap was only $50 million, which is too small for most institutional managers. The company was losing money due to a high expense structure. The company also had a hidden asset in the form of tax loss carry-forwards. Finally, management had additional incentives to perform as an independent company.

Of these attributes characteristic of a spin-off company, the most compelling was the hidden asset Virtus had in the form of net loss carry-forwards. At the time I first purchased shares for the Fund, the value of the tax loss carry-forwards was north of $20 per share. So as long as Virtus became profitable, we were essentially getting the asset management business for free.

Since the spin-off, Virtus's management team has done a good job of creating shareholder value. Flows into its funds have been positive. Management has cut operating costs and implemented a share repurchase program. Even with the tripling of the stock price, Virtus is still one of the least expensive asset managers based on an Enterprise Value/Assets Under Management ratio. I continue to hold most of the Fund's shares and expect more good performance from Virtus.

Wilmington Trust

The Fund benefited from a short position in Wilmington Trust (WT) during the quarter. On November 1st, Wilmington Trust agreed to be acquired by M&T Bank for a price 44% *below* the previous day's closing price. From the beginning of the quarter until I covered the short position, the stock declined 55%.

Wilmington Trust had deviated from its core business during the last economic cycle. Historically, it had a well-respected, slow growing private and corporate trust business. Over the last 15 years, management had reinvested profits from the trust business into expanding its commercial banking division. The company opened branches throughout Delaware and southeastern Pennsylvania. It also ramped up its commercial real estate lending. The worst of the lending was to resort developers and second home builders in the towns lining the Delaware beaches. This lending was certainly a very different business from its legacy trust business.

At the time I shorted the stock, I believed the valuation was too high given that its credit quality metrics were still getting worse. There are many regional banks that look like they've reached the peak of the credit issues. Their non-performing loan ratios may have peaked in the 3rd or 4th Quarter of 2009 and have been declining steadily since then. As a group, these banks are priced anywhere from 0.7x tangible book value to 1.5x. However, after Wilmington Trust reported a poor 2nd Quarter earnings report with non-performing loans and loan charge-offs still rising, its stock was still trading at 1.2x tangible book.

Given that Wilmington Trust's credit trends were still getting worse, I thought the stock should have traded at a discount to book value. The problem with worsening credit quality metrics is the open-ended nature of not knowing how bad credit quality is and if in fact it is bad enough to doom the bank. I

think investors were still willing to place a relatively high valuation on Wilmington Trust because of its trust business and because they believed that the bank's reputation as a conservative institution would carry over into its commercial real estate lending.

Wilmington Trust announced the sale of the bank to M&T Bank on the same day it reported 3rd Quarter earnings. The loss reported for the 3rd Quarter made it clear that regulators forced the bank to sell. The forced sale drove down the price potential acquirers were willing to pay. I covered the Fund's short position in the stock on the day of the sale announcement. I admire M&T Bank's management and acquisition ability. Once M&T resolves Wilmington Trust's credit issues, I believe this will become one of their best acquisitions. I did not want to continue to short the combined company.

Positions Detracting from Performance

Of course, not every position in the portfolio performs as I anticipate. So in this section, I want to mention a few positions that hurt performance in the quarter and go into more depth on my short position in Blackrock that also hurt during the quarter. Some positions that did not perform during the quarter were short positions in Mobile Mini (-28%), UMB Financial (-16%) and Texas Capital (-23%).

Blackrock

I have shorted Blackrock (BLK) in the Fund, which hurt the Fund's performance in the 4th Quarter. Blackrock is a well-run firm and has a history of providing excellent returns over the 11 years it has been a public company. I am short because its acquisition of the iShares ETF business was a bad capital allocation decision and will hurt Blackrock's shareholders going forward. The stock was strong during the 4th Quarter on the back of the stock market rally. Of course, a stock market rally helps asset managers as they earn higher revenues on higher assets under management.

The ETF business is clearly a growth business in terms of volume, but I believe it is becoming a commodity business in terms of pricing power. Usually, growth commodity businesses (such as airlines and television manufacturers) have had strong volume growth, but they barely made money because they did not have pricing power. Investors have been flocking to ETFs to gain diversification, transparency, and liquidity. ETF providers try to gain market share by being first-to-market with an ETF tracking a particular index. However, we see new entrants are able to steal market share by offering ETFs on the same index with lower fees. I believe ETF investors are price sensitive and not brand loyal to the ETF provider. They may however be brand loyal to an index. If they want exposure to the S&P 500 Index, but they don't care if it is an SPDR, an iShares or a Vanguard ETF. They want the lowest cost product.

Blackrock's iShares business is exposed to a few higher fee ETFs which face pricing pressure. Because iShares ETFs have a wide range of fees, some products generate a disproportionate amount of iShares's revenue. The highest revenue generating ETF for Blackrock is the iShares MSCI Emerging Markets Index Fund ETF (EEM). In this $45 billion fund, Blackrock earns revenues of 0.69% or $310 million. Vanguard has a similar ETF (Vanguard Emerging Markets Index ETF) based on the same index. The Vanguard ETF has an annual fee of only 0.27% which has enabled it to gain more assets than the iShares product.

Recently, Vanguard's ETF has attracted the majority of the market share of new flows into the emerging market category. I believe Blackrock's management is feeling pressure to cut fees on this large revenue generator. If Blackrock matched Vanguard's pricing on this one product, it would cut Blackrock's earnings per share by 61 cents or 5%.

Vanguard is accelerating its presence in the ETF business and has increased price competition. Although Vanguard has been in the ETF business for many years, its leadership was not committed to exploiting the organization's natural cost advantages in the ETF arena. This mindset appears to have shifted recently as Vanguard has moved to expand its ETF line-up. I believe this is bad news for Blackrock and iShares because Vanguard has minimal profitability requirements as a mutual organization. Over the next few years, I believe we will see Vanguard steadily expand its line-up of ETFs and bring additional pricing pressure to the ETF industry.

The growth of Blackrock's low fee ETF business is masking the shrinking of its high fee, legacy actively managed business. Here is a table showing Blackrock's fund flows for the first nine months of 2010 broken down by asset class:

($ Billions)	AUM 12/31/2009	Net flows	Acquisitions	Market Change	Foreign Exchange	AUM 9/30/2010	% Net flows
Equity							
Index	1183.0	22.7	-3.9	40.8	3.0	1245.7	1.9%
Active	353.0	-47.9		11.9	0.3	317.4	-13.6%
Fixed Income							
Index	459.7	53.8		34.6	8.3	556.4	11.7%
Active	595.9	-28.3		43.8	0.2	611.6	-4.7%
Multi-Asset	142.0	20.1		8.3	0.2	170.6	14.1%
Alternative	102.1	1.5		1.5	0.7	105.7	1.4%
Total Long Term Funds	2835.8	21.8	-3.9	140.9	12.7	3007.4	0.8%

The legacy Blackrock actively managed fixed income business is weak due to personnel turnover. Blackrock lost the CIO of its fixed income business last January and the Deputy CIO last August. Blackrock's fund flows in the actively managed space have been negative. Some high profile pension accounts, such as the State of Massachusetts, have recently fired Blackrock due to the personnel turnover. We also see that the actively managed equity business is suffering from serious outflows. This negative mix shift within Blackrock's AUM is bad for future revenues.

Even if I'm wrong about the ETF business becoming a commodity business, Blackrock is priced too high relative to its peers based on its organic flows. Below is a table of the largest publicly-traded asset managers:

Ticker	Price	Mkt Cap	AUM	Net Debt	EV	Estimated 2011 EBITDA	EV/ EBITDA	Q3 Organic Flows	YTD Organic Flows
JNS	12.91	2,355	161	292	2,646	359	7.4	-2.0%	-3.9%
BEN	118.46	26,654	645	(4,500)	22,154	2,867	7.7	3.9%	10.9%
FII	26.51	2,650	341	66	2,716	337	8.1	1.1%	4.5%
AB	21.70	5,981	484	0	5,981	704	8.5	-4.1%	-6.1%
LM	34.87	5,298	674	(45)	5,254	589	8.9	-2.0%	-6.9%
IVZ	24.09	11,542	605	(484)	11,057	1,155	9.6	0.9%	5.3%
AMG	100.90	5,236	280	1,045	6,281	653	9.6	2.2%	2.2%
WDR	35.90	3,068	76	(95)	2,973	306	9.7	1.0%	6.0%
EV	30.85	3,650	185	250	3,900	401	9.7	1.8%	8.2%
BLK	193.01	36,887	3,446	500	37,387	3,522	10.6	0.7%	0.8%
TROW	66.36	17,492	440	(1,570)	15,922	1,320	12.1	2.0%	6.0%

Source: Stifel Nicolaus, company reports.

As we can see, Blackrock has the second highest Enterprise Value-to-EBITDA ratio, but its fund flows are anemic. Plus, as I argued earlier, Blackrock's fund flows from the low fee ETF business are masking the negative flows in the higher feeactively managed business. Overall, the asset management industry is not overvalued (especially if one is bullish on the overall market). Generally, asset managers are high quality businesses with recurring revenues and high margins. It may be that Blackrock's stock underperforms its peers and the market, rather than having absolute negative returns. I believe it is a good stock to be short paired with a long position in Franklin Resources (discussed below).

Sample New Positions in the 4th Quarter

Franklin Resources

I built a new position in Franklin Resources (BEN) during the 4th Quarter for the Fund. Franklin is one of the largest asset managers in the country. Franklin has the best fund flows of any of the asset managers, but it had one of the least expensive valuations in the industry.

Franklin had massive fund flows during the first 9 months of 2010 and there are several reasons for these flows. Franklin had net organic fund flows of 10.9% of beginning assets under management. This is a staggering number, especially considering Franklin is already a very large asset manager. Franklin's flows benefit from having: 1) a diversified fund mix, 2) almost no money market funds, 3) a smart tactical sales emphasis on fixed income, 4) strong returns at Templeton Global Bond, and 5) a leading effort at distribution outside the United States.

Franklin's valuation is at the low end of its peer group, which doesn't make sense. Based on the table in the previous section, we can see Franklin trades at just 7.7x EBITDA. The company manages an attractive mix of assets, the management team has been a good steward of shareholder capital, and they have industry-leading fund flows. There may be some reasons why the valuation is low: 1) excess cash on the balance sheet makes Franklin look more expensive on a P/E basis, 2) investors may be

anticipating a slowing of fund flows, which almost has to happen compared to the current torrid pace, and 3) an incorrect view by investors that Franklin is an outlier in terms of the amount of its AUM in municipal bond funds.

As 2011 unfolds, the market should recognize Franklin's value. Flows should remain strong which will surprise the market. Earnings will flow from the increase in Assets Under Management. Finally, management continues to repurchase the company's undervalued stock, which enhances value over the long-term.

Community Banks

In the 4th quarter, I started building positions in about a dozen community banks. These banks trade at very low valuations, but I believe they will survive the current credit cycle. The Fund has about 20% of its assets in these potentially surviving community banks. A representative holding in this group is Ameriserv Financial (ARSV.)

Community banks were one of the worst performing industry groups in 2010. For about 18 months, the market has not been placing different valuations on doomed community banks with unsolvable credit issues compared to likely surviving community banks with manageable credit problems. However, it was difficult to take advantage of this disparity because shorting the doomed banks was nearly impossible due to difficulty in finding stock to borrow. With the overall community bank segment having terrible stock market performance in 2010 coupled with additional pressure from tax-loss selling in the last few weeks of the year, the stock prices of a potentially surviving community bank got so low (from 10% to 40% of tangible book) that I started buying positions in several of these banks.

Ameriserv is representative of the banks I've been buying for the Fund. It is an 18 branch bank headquarted in Johnstown, PA with just under $1 billion in assets. At the time of purchase, it had tangible equity of $74 million and a market cap of $34 million, so Price/Tangible Book was just 45%. There were only $25 million of non-performing loans compared to $20 million in loan loss reserves. The Texas ratio was just 27%, so it looks like the bank will survive through the current cycle. For comparison, there are over 150 banks in the state of Georgia alone with Texas Ratio above 100%. Ameriserv was profitable in the 3rd Quarter of 2010. As Ameriserv's management works through the bank's credit issues, I believe the stock will trade higher and approach 100% book value, which would be more than double the year-end stock price.

Statements and Tax Forms

As an investor in the Fund, you have already received your monthly investment performance directly from the Fund's third-party administrator, Cortland Fund Services. Greg Levy's team at Kaufman Rossin, the Fund's auditor, is currently performing the year-end audit. I hope to have the audited financial statements mailed to you by March 31st. The Fund's K-1's will be issued in April, which will likely require you to file an extension for your tax return. Our K-1's are issued at a late date because the Fund receives its own K-1 from several of its holdings. Unfortunately, two of our holdings (KKR & Co. L.P. and

KKR Financial Holdings LLC) do not issue their K-1's until March 31st. Fortunately, the Fund has earned high returns from these two holdings which makes it worth the hassle of issuing K-1's at such a late date.

Organizational Changes

Gator Capital Management had one organizational change during the quarter. Andrew Denis joined the firm as Director of Investor Relations. Prior to joining Gator Capital, Andrew was a partner in Earl & Associates, Inc., a large financial planning firm in Largo, FL. The firm was acquired by National Financial Partners in 2001. He has a degree from the University of Florida.

I expect Andrew to make significant contributions to the firm by improving our communications with existing and prospective clients. Please feel free to call Andrew at (813) 381-5394.

Marketing

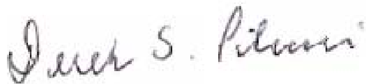
The Fund has capacity for additional investors. I have been meeting with many potential investors to explain the Fund's strategy and holdings. I have found the best investors for the Fund come from referrals made by existing investors and colleagues. If you know someone who may be interested in investing in the Fund, please call me to arrange a meeting. I appreciate your help in growing my business.

Conclusion

In the fourth quarter, the Fund delivered strong performance. We finished 2010 with solid, but not spectacular returns. I am looking forward to the potential opportunities 2011 will bring. Thank you for entrusting me with a portion of your wealth. I remain the Fund's largest investor with more than 50% of my liquid net worth invested in the Fund.

As always, I am available by phone whenever you want to discuss the Fund or investing in general.

Sincerely,



Derek S. Pilecki
Managing Member of Gator Capital Management, LLC, which is the
Managing Member of Gator Financial Partners, LLC

Appendix A

Additional Disclaimers and Notes to Performance Results

The performance results shown on the first page of this letter are presented on a net-of-fees basis and reflect the deduction of, among other things: management fees, brokerage commissions, administrative expenses, and accrued performance allocation, if any. Net performance includes the reinvestment of all dividends, interest, and capital gains; it assumes an investor that has been in the fund since their respective inception dates and participated in any "new issues." Depending on the timing of a specific investment and participation in "new issues," net performance for an individual investor may vary from the net performance as stated herein. Performance data for 2010 is estimated and unaudited.

The inception date for Gator Financial Partners, LLC was June 30, 2008. The performance data presented on the first page of this letter for the market indices under "since inception" is calculated from June 30, 2008.

The market indices shown on the first page of this letter have been selected for purposes of comparing the performance of an investment in the Gator Financial Partners with certain well-known equity benchmarks. The statistical data regarding the indices has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The indices are not subject to any of the fees or expenses to which the funds are subject. The funds are not restricted to investing in those securities which comprise any of these indices, their performance may or may not correlate to any of these indices and it should not be considered a proxy for any of these indices.

Past performance is not necessarily indicative of future results. All investments involve risk including the loss of principal. This letter is confidential and may not be distributed without the express written consent of Gator Capital Management, LLC and does not constitute a recommendation, an offer to sell or a solicitation of an offer to purchase any security or investment product. Any such offer or solicitation may only be made by means of delivery of an approved confidential private offering memorandum.

This letter contains information and analyses relating to some of the Gator Financial Partners' positions during the period reflected on the first page. Gator Capital may currently or in the future buy, sell, cover or otherwise change the form of its investment in the companies discussed in this letter for any reason. Gator Capital hereby disclaims any duty to provide any updates or changes to the information contained here including, without limitation, the manner or type of any Gator Capital investment.

Gator Financial Partners

Performance Review

Inception Date June 30, 2008

Date	Monthly GFP Gross Return	Monthly GFP Net Return	GFP Since Inception Net Return	Monthly S&P 500 Return	Monthly GFP Relative to S&P 500	Since Inception S&P 500 Return	GFP Since Inception Relative to S&P 500	Monthly S&P Financial Return	Monthly GFP Relative to S&P Financial	Since Inception S&P Financial Return	GFP Since Inception Relative to S&P Finanacial
2010 YTD	**17.9%**	**12.4%**	**172.9%**	**15.1%**	**-2.7%**	**4.1%**	**168.8%**	**11.6%**	**0.8%**	**-16.9%**	**189.8%**
Dec-10	6.6%	5.1%	172.9%	6.7%	-1.6%	4.1%	168.8%	10.7%	-5.6%	-16.9%	189.8%
Nov-10	6.0%	5.6%	159.6%	0.0%	5.6%	-2.4%	162.0%	-0.7%	6.3%	-24.9%	184.5%
Oct-10	8.0%	7.7%	146.2%	3.8%	3.9%	-2.5%	148.3%	1.5%	6.3%	-24.4%	170.2%
Sep-10	7.3%	7.0%	128.6%	5.8%	1.2%	-6.0%	134.2%	6.1%	0.9%	-25.5%	153.7%
Aug-10	-6.2%	-6.6%	119.9%	-1.7%	-5.0%	-11.2%	124.4%	-7.8%	1.2%	-29.8%	142.9%
Jul-10	4.1%	3.9%	128.4%	7.0%	-3.1%	-9.7%	138.0%	6.5%	-2.6%	-23.8%	152.2%
Jun-10	-18.2%	-18.0%	119.8%	-5.2%	-12.7%	-15.6%	135.3%	-5.7%	-12.3%	-28.5%	148.2%
May-10	-3.4%	-3.0%	167.9%	-8.0%	5.0%	-10.9%	178.8%	-9.2%	6.2%	-24.1%	192.0%
Apr-10	7.4%	5.8%	176.0%	1.6%	4.2%	-3.2%	179.4%	1.3%	4.4%	-16.5%	192.7%
Mar-10	5.1%	4.6%	160.9%	6.0%	-1.5%	-4.7%	165.8%	8.7%	-4.1%	-17.6%	178.7%
Feb-10	6.3%	6.0%	149.6%	3.1%	2.9%	-10.1%	159.9%	3.5%	2.5%	-24.1%	173.9%
Jan-10	-2.7%	-3.0%	135.4%	-3.6%	0.6%	-12.8%	148.4%	-1.5%	-1.4%	-26.7%	162.3%
2009	**250.6%**	**186.3%**	**142.6%**	**26.5%**	**159.8%**	**-9.5%**	**152.4%**	**17.6%**	**168.7%**	**-25.5%**	**168.3%**
Dec-09	8.9%	8.7%	142.6%	1.9%	6.7%	-9.5%	152.4%	-1.4%	10.0%	-25.5%	168.3%
Nov-09	-0.7%	-0.9%	123.3%	6.0%	-6.9%	-11.3%	134.7%	4.3%	-5.2%	-24.5%	148.0%
Oct-09	-12.5%	-12.7%	125.3%	-1.9%	-10.8%	-16.3%	141.7%	-6.0%	-6.7%	-27.6%	153.1%
Sep-09	-0.4%	-0.5%	158.0%	3.7%	-4.2%	-14.7%	172.7%	2.0%	-2.5%	-23.0%	181.1%
Aug-09	19.0%	15.3%	159.3%	3.6%	11.7%	-17.8%	177.1%	12.9%	2.3%	-24.5%	183.9%
Jul-09	9.9%	7.9%	125.0%	7.6%	0.3%	-20.6%	145.6%	8.9%	-1.0%	-33.2%	158.2%
Jun-09	24.9%	20.9%	108.5%	0.2%	20.7%	-26.2%	134.7%	-1.8%	22.8%	-38.7%	147.2%
May-09	21.2%	17.2%	72.4%	5.6%	11.6%	-26.4%	98.8%	14.0%	3.2%	-37.5%	109.9%
Apr-09	13.0%	11.0%	47.1%	9.6%	1.4%	-30.3%	77.4%	21.8%	-10.8%	-45.2%	92.3%
Mar-09	23.4%	19.2%	32.5%	8.8%	10.5%	-36.4%	68.9%	17.1%	2.2%	-55.0%	87.5%
Feb-09	8.8%	7.0%	11.2%	-10.6%	17.6%	-41.5%	52.6%	-17.7%	24.7%	-61.5%	72.7%
Jan-09	23.7%	22.6%	3.9%	-8.4%	31.0%	-34.5%	38.4%	-26.2%	48.8%	-53.3%	57.1%
2008	**-14.0%**	**-15.3%**	**-15.3%**	**-28.5%**	**13.2%**	**-28.5%**	**13.2%**	**-36.7%**	**21.4%**	**-36.7%**	**21.4%**
Dec-08	11.1%	11.0%	-15.3%	1.1%	10.0%	-28.5%	13.2%	0.3%	10.7%	-36.7%	21.4%
Nov-08	-7.6%	-7.9%	-23.7%	-7.2%	-0.8%	-29.2%	5.6%	-18.5%	10.5%	-36.9%	13.2%
Oct-08	16.8%	16.6%	-17.1%	-16.8%	33.4%	-23.8%	6.7%	-21.9%	38.6%	-22.6%	5.5%
Sep-08	-21.6%	-21.9%	-28.9%	-10.2%	-11.7%	-8.4%	-20.6%	-6.3%	-15.6%	-0.9%	-28.0%
Aug-08	-7.0%	-7.2%	-9.0%	2.9%	-10.1%	2.0%	-11.0%	-1.0%	-6.3%	5.7%	-14.7%
Jul-08	-1.6%	-1.9%	-1.9%	-0.8%	-1.0%	-0.8%	-1.0%	6.8%	-8.7%	6.8%	-8.7%

This summary, which has been furnished on a confidential basis to the recipient, does not constitute an offer of any securities or investment advisory services, which may be made only by means of a private placement memorandum or similar materials which contain a description of material terms and risks. This summary is intended exclusively for the use of the person it has been delivered by Gator Capital Management, LLC, and it is nor to be reproduced or redistributed to any other person without the prior consent of Gator Capital Management, LLC.

Appendix C
Review of the Gator Financial Partners Strategy and Goals

The Fund is a long/short equity fund focused on the Financials sector. I use bottoms-up fundamental analysis to make investments and build the portfolio, one stock at a time. I attempt to own (or go long) undervalued securities and sell short securities that are overvalued. I generally keep the Fund close to market neutral (+/- 25% net exposure) because I believe returns from stock selection will be more consistent than returns from over-weighting or under-weighting the sector at the appropriate time.

One competitive advantage of the Fund is the deep focus on the Financials sector. The Financials sector has many sub-industries: money center banks, regional banks, trust banks, community banks, thrifts, broker-dealers, non-bank financials, REITs (commercial, apartment, industrial, retail, mortgage, etc.), P&C insurance, life insurance, insurance brokers, asset managers, exchanges and financial technology companies. While many of the major hedge funds are positive on Financials, they generally express their view in the liquid, large-cap banks. While these will probably be fine positions over time and we own some of these same banks, we add most of our value by going several layers deeper to find attractive values among the less popular or well-known companies in the sector.

Seventy-five percent of the Fund's positions must be in companies in the Financials sector or companies with significant (33% of revenues, profits or allocated capital) in financial services operations. Examples of companies with significant financial services operations are General Electric with GE Capital and eBay with PayPal. Historically, 90 to 95% of the fund's positions have qualified as Financials or financial services related. The non-financial services positions tend to be special situations such as spin-offs, initial public offerings or short positions in former fad or concept stocks.

There are two other distinguishing characteristics of the Fund: a concentrated portfolio and a focus on opportunities with asymmetrical risk/reward (this is code for: "I swing for the fences when I believe the odds are in my favor.") I run the Fund with a concentrated portfolio for several reasons. I believe a concentrated portfolio creates discipline in weeding out bad ideas. Another benefit of a concentrated portfolio is a focus on best ideas. One of my mentors from GSAM taught me that any stock worth buying is worth buying in size. Positions with asymmetrical risk/reward are important because markets often price in average moves and do not anticipate how frequently extreme price moves can occur. We find these asymmetrical opportunities in beaten down stocks, long-term warrants and/or LEAPs, and companies with significant operating leverage. One day when the Fund is of appropriate size, we will also find opportunities in purchasing credit default swaps on companies we want to short. In the brief history of the Fund, these characteristics (a concentrated portfolio and positions with asymmetrical risk/reward) explain the large volatility in the Fund's monthly returns. Most of this volatility has been to the positive, but there have been and will be times when I will be out of sync with the market. Please do not expect the Fund to produce steady returns; instead, I hope the Fund will produce a superior total return over the long-run.

Appendix D
Gator Financial Partners Operational Characteristics

Given the events of 2008 and the common criticisms of hedge funds (limited liquidity, opaque portfolios and self-administration); I have structured the Fund to be more investor friendly than a typical hedge fund. The Fund does not employ lock-ups. There is monthly liquidity and only 10 business days notice is required to redeem investments at month-end. I disclose the entire portfolio to current investors upon request and to prospective investors prior to investment. The Fund has hired independent auditors, Kaufman Rossin based in Miami, who specialize in hedge funds for the Fund's annual audit. The Fund has also hired an independent third-party administrator, Cortland Fund Services based in Chicago, for fund accounting. As an additional financial control, I cannot authorize a release of money from the Fund's checking account at JP Morgan unless Cortland also approves the withdrawal. I want to continue to improve the Fund's structure and terms to remain investor friendly. If you have suggestions, please contact me.

I do offer separate accounts with a $5 million minimum. While I prefer investors to invest directly in the Fund, I will invest separate accounts *pari passu* with the Fund. Some investors prefer a separate account so that they have direct control over their money. The trade-off is that a separate account imposes a greater accounting and tax reporting burden on the client. Whether my investors come through the Fund or through a separate account, I feel strongly that the money is the investor's money, the investor has given me the privilege of managing their money, the investor has the right to know how their money is invested, and they have the right to access their money.